

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF TEXAS
HOUSTON DIVISION

UNITED STATES COURTS
SOUTHERN DISTRICT OF TEXAS
ENTERED

APR 09 2001

IN RE:
TRI-UNION DEVELOPMENT
CORPORATION,
Tax I.D. No. 76-0503660

DEBTOR.

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CASE NO. 00-32498-H4-11
(CHAPTER 11)

MICHAEL N. MULRY, CLERK OF COURT

**INTERIM ORDER REGARDING EXPEDITED JOINT MOTION OF CREDIT
LYONNAIS NEW YORK BRANCH AND THE OFFICIAL COMMITTEE OF
UNSECURED CREDITORS TO TERMINATE EXCLUSIVITY PROVISION IN
DEBTOR'S CONFIDENTIALITY AGREEMENTS WITH POTENTIAL PURCHASERS**

On March 21, 2001 came on for hearing the Expedited Joint Motion of Credit Lyonnais New York Branch and the Official Committee of Unsecured Creditors to Terminate Exclusivity Provision in Debtor's Confidentiality Agreements with Potential Purchasers (the "Motion"), filed by Credit Lyonnais New York Branch ("Credit Lyonnais") and the Official Committee of Unsecured Creditors (the "Committee," and together with Credit Lyonnais, the "Movants"), as well as the Objection thereto filed by Tri-Union Development Corporation (the "Debtor"). After consideration of the pleadings on file, the evidence presented at the hearing, and the arguments of counsel, the Court finds that the hearing on the Motion should be continued to April 4, 2001 at 9:30 a.m. and that the interim relief described below should be granted with respect to the Motion. It is therefore

ORDERED that the hearing on the Motion is continued to April 4, 2001 at 9:30 a.m.; and it is further

ORDERED that with respect to the confidentiality agreements (the "Confidentiality Agreements") signed by the Debtor and potential purchasers of the Debtor's assets (the "Potential Purchasers"), the provision contained therein that provides as follows:

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Recipient shall not, without the prior written approval of the Disclosing Party [Debtor] (which approval shall not be unreasonably withheld), contact or otherwise communicate with any customer or supplier of Disclosing Party or any third party having a significant relationship with Disclosing Party for the purpose of discussing any matter relating to or in connection with the Transaction. Additionally, Recipient shall refrain from initiating any discussions or responding to any questions related to any matter related to or connected with the Transaction with any person or entity that Recipient should have known is a customer or supplier of Disclosing Party. Recipient shall notify Disclosing Party immediately of any inquiries it receives relating to the [T]ransaction from any other party other [than] Disclosing Party.

(the "Exclusivity Provision") is hereby terminated and is of no further force and effect only with respect to Credit Lyonnais, the Committee, the previously approved designated representatives of Aquila Energy Marketing Corporation ("Aquila"), and the following Potential Purchasers: (a) Blue Dolphin Exploration Company ("Blue Dolphin"), (b) Rio Bravo Exploration and Production Company ("Rio Bravo"), and (c) the confidential bidder identified by the Debtor (whose identity has been disclosed to the Movants and to Aquila) as having submitted the highest initial bid for the Debtor's oil and gas properties in California (the "Confidential California Bidder"); and it is further

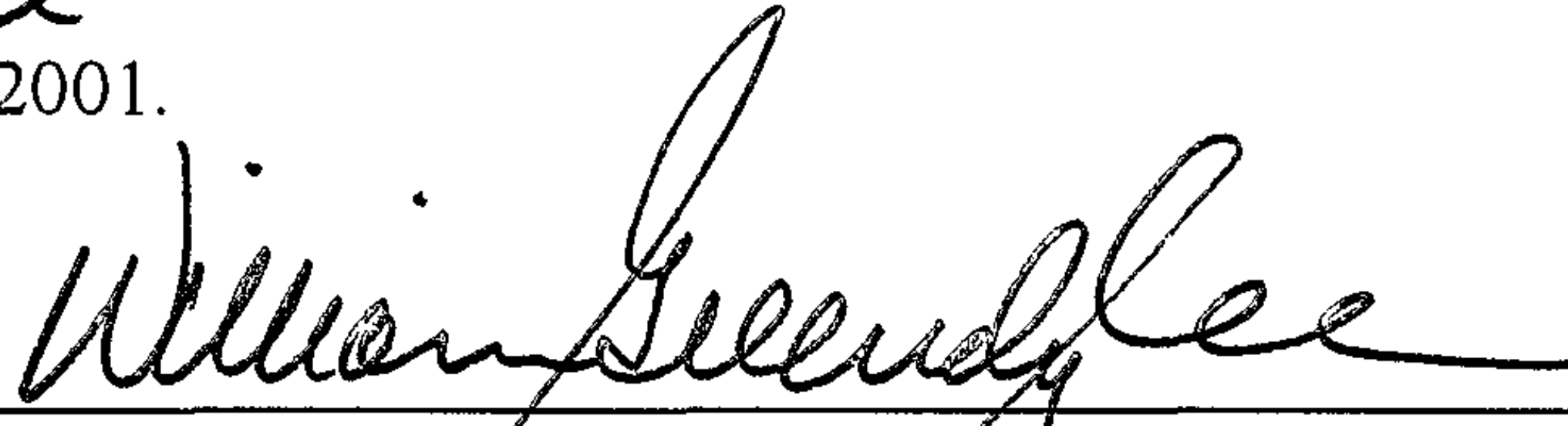
ORDERED that Blue Dolphin and Rio Bravo are authorized to contact and negotiate with Credit Lyonnais, the Committee, Aquila, and any other party-in-interest concerning the Debtor, its properties, the Transaction (as defined in the Confidentiality Agreement), any other transaction involving a sale of some or all of the Debtor's properties, the filing of a competing plan of reorganization, and any other matter concerning the Debtor and this bankruptcy case, free from any and all restrictions contained in the Exclusivity Provision; and it is further

ORDERED that the Confidential California Bidder is authorized to contact and negotiate with Credit Lyonnais, the Committee, and Aquila concerning the Debtor, its properties, the Transaction (as defined in the Confidentiality Agreement), any other transaction involving a sale of some or all of the Debtor's properties, the filing of a competing plan of reorganization, and any other

matter concerning the Debtor and this bankruptcy case, free from any and all restrictions contained in the Exclusivity Provision; and it is further

ORDERED that, at the continued hearing on the Motion on April 18th 2001, the Court will consider the Movants' request to terminate the Exclusivity Provision with respect to other specific Potential Purchasers.

Signed this 4th day of April, 2001.


THE HONORABLE WILLIAM GREENDYKE
UNITED STATES BANKRUPTCY JUDGE

APPROVED AS TO FORM:

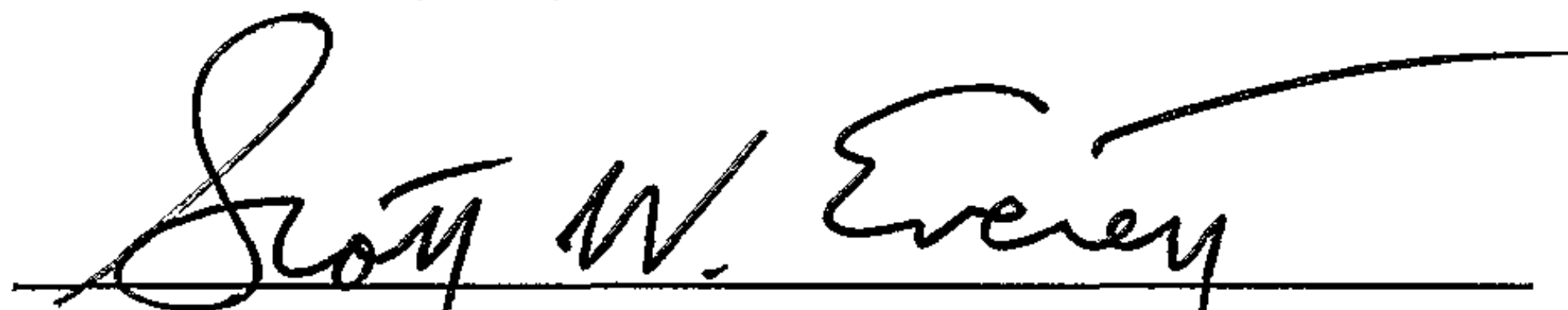
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